

KSBIT Financing Facts and/or Factoids

- I. Timing involved
 - Bond Oversight Committee request must be submitted July 31, 2014
 - Participating Boards of Education must approve Bond Resolutions by August 30, 2014
 - Bond Sale must occur not later than September 15, 2014
 - Bonds must be delivered by September 29, 2014
 - There will be only one bond sale covering both the Kentucky School Boards Insurance Trust Workers Compensation Fund (KSBIT-WC) and the Kentucky School Boards Insurance Trust Property and Liability Fund (KSBIT-PL) assessments.
- II. There should be an emphasis for districts to make a choice concerning the method of payment by mid-August so that Bond resolutions can be approved, if they select financing. Also, districts need to be reminded that the “intercept” provision of SEEK is mandated for payments in the court order.
- III. Districts should be encouraged to adopt the “Installment Option” if they can afford it because it is interest free.
- IV. If a district should need financing assistance, the following favorable terms should be noted.
 - A district would not have a payment in FY 2014-15 of any type. First bond debt service payment would be September 1, 2015.
 - Interest rates will range from 3.3 to 3.8 percent, these rates taxable. This type of financing does not qualify for tax exempt rates.
 - The term of the financing is flexible in years.
 - The bond financing will be done in such a way that the bonds could be called in five years, which would allow a district to pay off the total debt after that time period with no additional interest due.
- V. The KSBIT-WC portion is considered an asset transfer, so there will be no future liability possibility to the districts in the future. The KSBIT-PL piece is considered a run-off so there is a possibility of future liability for it, but because of the nature of its claims being settled in a much shorter time period, it is considerably less likely than it would have been on the workers compensation piece.
- VI. The \$8 million transfer made by the League of Cities is still in the court’s hands. There has been no decision made as to whether or not it will be considered a loan deemed repayable. If the court rules it is repayable, there will be additional assessments to the districts in the future.
- VII. Installment payments or the first year bond payment could be made using a Capital Fund Request (CFR), if needed.